

Ministers of industry, trade and commerce for the past half-dozen years have been talking intermittently, but without concrete results, about developing an industrial strategy for Canada.

Further, he said:

Now, Jack Horner, the new Minister of Industry, Trade and Commerce, has returned to the attack and has promised to announce some form of industrial strategy before the end of 1978.

The head of the manufacturing industry says, "Better late than never." But are negotiations under way now, Mr. Speaker, to reach a serious point in January at the GATT negotiations in Geneva? We should have had our industrial strategy many years ago. But for the purposes of these GATT negotiations, certainly a year ago—not that the industrial strategy is going to come at the end of 1978 when the negotiations are completed and the decisions made—what kind of a way is this for the government of Canada to do business? You might excuse them if they only came into office three months ago or six months ago, but they came into office in 1963, and the present lot in 1968.

I now turn to the report of the Science Council of Canada, which is an independent body formed by the government of Canada, financed by the government of Canada, commendably given freedom to express its opinions uncensored. I trust that will continue. What do they find, in their report of October, 1977, to be the prospects for our manufacturing industry? In discussing the first stage of a long-range industrial program which they are undertaking, they say:

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Canadian industry is chronically and gravely ill. Indeed, the country, industrially, is rapidly falling behind other nations, and, by default, placing its hopes for the future on a resource sector, which, in its present form, is inadequate to the task of raising or even maintaining the standard of living which most Canadians take for granted.

That is the conclusion of the Science Council of Canada study. When I asked the minister what he thought of it, he said he did not accept it. It was surprising enough that he did not accept it, Mr. Speaker, but he did not give any convincing reason for his non-acceptance. However, later on in the same meeting of the finance committee, when I pointed out that this was a body financed by the government of Canada which had no axe to grind, the transcript of the committee proceedings has the minister saying, "not the best businessmen in the world though". So he denigrated and insulted the people on the Science Council of Canada. This was an observation which demolished their report. I do not know whether they are the best businessmen in the world, but they are a very impressive group of businessmen and university graduates, and it ill behoves the minister to shower them with a gratuitous insult of that nature.

Let me go to the report of the Science Council of Canada, which is not all that long. At page 2 they point out that it is apparent that the technological capability of Canadian industry has not improved, but has in fact deteriorated. They say exports of technology-intensive goods have fallen in relative terms, and many of the industries which produce them are unable to meet foreign competition in the domestic market,

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much less export, Mr. Speaker. They point out that job opportunities for scientists, engineers, MBAs, executives and other specialists are scarce and non-existent.

They conclude that almost every branch of Canadian manufacturing shows signs of weakness. The mature technology industries, such as textiles, clothing and leather goods, are succumbing to fierce foreign competition in the Canadian market. The resource sector, they say, may also be faltering. These conclusions are reached after an intensive study by a group of intelligent people. They go on to point out that in 1975 we experienced a record deficit of \$5.1 billion on current account of the balance of payments. I checked the figure today, and the latest adjustment showed a \$4.78 billion deficit. In 1976, the figure was \$4.19 billion. For the first three quarters of this year the adjusted figure estimated is now \$4.63 billion. I suggest that is a pretty grim record.

At page 5 of the report it is pointed out that industrial capacity in Canada fell to a low of about 81 per cent in the third quarter of 1975. In the first three quarters of 1977, the figure has gone from 81.4 per cent to 84.3 per cent to 83.4 per cent. In other words, Canadian industry is working to only 83 per cent of capacity. According to the report, employment prospects in 1976 were the worst confronting graduates from universities or people joining the labour force since the depression of the 1930s. These are not partisan statements, Mr. Speaker, but conclusions reached by the Science Council of Canada report.

The report goes on to list various industries where difficulties are apparent. There is a lack of competitiveness in our manufacturing industries. On page 6 reference is made to the productivity gap between Canada and the United States and the rapid increase in wages and salaries. In 1975, for the first time since 1960, Canada had a deficit on our merchandise trade account of \$639 million. I believe that figure has now been adjusted by StatCan to \$534 million. We had a \$1 billion surplus in 1976, and it is projected to be \$2.8 billion this year, though that is less than the surpluses we used to have, particularly when you take into account inflation over the last three or four years. So we see nothing to be optimistic about anywhere in this document. At page 8 of the report the following statement appears:

Canada's share of world exports has fallen from 5.4 per cent in 1970 to 3.8 per cent in 1975. During the same period, imports (expressed as a percentage of the domestic market) moved from approximately 26 per cent to 33 per cent—

There has been a rapid rise in imports of clothing. In 18 of 19 higher technology groups, Canada has experienced growing deficits since 1970. I have not the time to refer to them all. These are some of the problems we are facing, Mr. Speaker. Certainly, this is not a situation which would lead one to be sanguine, soporific or steer-like.

The only answer that the minister has given to the questions we have asked both in the House and in committee about our economic situation is that the fall in the value of the Canadian dollar to 90 cents has been a good thing. He has been ecstatic that it has dropped in value, and he would brutalize it down further if he could. Today it stands at approximately 91 cents